

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARINGS
MINUTES FEBRUARY 18, 2014

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held its scheduled monthly hearing commencing at 9 a.m. on Tuesday, February 18, 2014 at the Russell County Government Conference Center, 139 Highland Drive, Lebanon, Virginia.

Board members present were Bradley C. Lambert (Chairman), Bill Harris (Public Representative), Bruce A. Prather (Oil and Gas Industry Representative) and Rita Surratt (Public Representative)

Also present were Diane Davis (Division of Gas and Oil), Jim Lovett (Division of Gas and Oil), Rick Cooper (Principal Executive to the Board), Sarah Gilmer (Division of Gas and Oil) Matt Gooch, Office of the Attorney General

1. The board will receive public comments.

Juanita Sneeuwjagt, Kenneth Osborne, Martha Guilliams, Ronnie Osborne and Shirley Keene spoke.

2. Quarterly /End of Year Report by First Bank and Trust, Escrow Agent for the Virginia Gas and Oil Board.

The docket item was affirmed. Ms. Debbie Davis, Escrow Agent, First Bank and Trust reported that for the year 2013 the Board started with a beginning balance of \$27,639,043.14, received deposits amounting to \$1,757,554.71, Earned \$78,572.78 in interest, paid fees in the amount of \$27,928.64, disbursed \$1,035,885.45, paid audit expenses of \$12,314.45 and made an adjust of \$1,436.45 because of a double deposit ending with a balance for 2013 of \$28,397,605.64.

The Board discussed with Ms. Davis how to handle a check received from Wells Fargo in the amount of \$4441.54 check number 6732500492 for \$4441.54. It was decided by the board to place these funds in a special account until it could be determined where it was to be posted.

Ms. Davis stated that social security numbers would be required prior to any checks written from the escrow account managed by First Bank and Trust.

The Board asked Ms. Davis to confirm number of years monies held before being escheated to the state.

3. A petition from EQT Production Company for the disbursement of escrowed funds and authorization for direct payment of royalties on behalf of Eva Mae Adkins for her interest in Tract 3 in Drilling Unit Number VC-504248, Kenady District, Dickenson County, VA. Docket Number VGOB 04-1116-1363-03. Continued from December 2013.

The docket item was continued to March, 2014. The petition, at the request of the applicant was continued.

4. A petition from EQT Production Company for the disbursement of escrowed funds and authorization for direct payment of royalties on behalf of Eva Mae Adkins for her interest in Tracts 1 and 3 for drilling unit VC-505241, Kenady District, Dickenson County, Virginia. Docket Number VGOB 04-0817-1325-03. Continued from December 2013.

The docket item was continued to March, 2014. The petition at the request of the applicant was continued.

5. A petition from EQT Production Company for the disbursement of funds and authorization for direct payment of royalties on behalf of Eva Mae Adkins in Tract 2 in Drilling Unit VC-504484, Kenady District, Dickenson County, VA. Docket Number VGOB 01-0821-0919-03. Continued from December 2013.

The docket item was continued to March, 2014. The petition at the request of the applicant was continued.

6. A petition from CNX Gas Company LLC for the disbursement of escrowed funds deposited with the Board's Escrow Agent(s) attributable to Tract(s) 3B as depicted upon the annexed Exhibit A-1; and authorization to begin paying royalties directly to the parties Coal Creek Coal Company, Betty Lou Garrison Stump, Donald Eugene Jackson, and Lester George Beaver. Docket Number VGOB 09-0317-2490-01.

The docket item was granted. The petition was approved with percentage payments being made in Tract 3B. The account will continue.

7. A petition from CNX Gas Company LLC for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to Tract(s) 1 & 1A as depicted upon the annexed Exhibit A-1. (Royalties currently being paid under VP8SGU1, VGOB 95-1024-0526). Docket Number VGOB 92-0721-0240-04.

The docket item was granted. The petition was approved with DGO and CNX working together to clarify the discrepancy on exhibit J prior to processing the order.

8. A petition from CNX Gas Company LLC for 1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) as depicted upon the annexed Exhibit A-1. Docket Number VGOB 91-1119-0161-04.

The docket item was granted. The petition was approved for percentage payouts on 11A, 11B, 12 and 13A with the account remaining open.

9. A petition from CNX Gas Company LLC for Refund of escrow payments deposited with the Board's Escrow Agent(s), and vacate the Board's Order of February 7, 2006 as all individuals have voluntarily leased. Docket Number VGOB 05-1018-1504-01.

The docket item was granted. Voluntary lease 100%

10. A petition from CNX Gas Company LLC for refund of escrow payments deposited with the Board's Escrow Agent(s). : (1) Reimburse overpayment of funds deposited with the Board's Escrow Agent attributable to unit VP6SGU to CNX Gas Company LLC as depicted upon the annexed Exhibit A-1. Docket Number VGOB 92-0721-0244-02.

The docket item was granted. DGO is to confirm, before payment, that all monies are due CNX and that none of the funds are due to wells P3D or R3C for escrow.

11. A petition from CNX Gas Company LLC for refund of escrow payments deposited with the Board's Escrow Agent(s), and vacate the Board's Order of August 27, 1993 as all individuals have voluntarily leased. Docket Number VGOB 93-0316-0342-03.

The docket item was granted. Unit 100% leased, all monies refunded to operator.

12. A petition from CNX Gas Company LLC for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to Tract(s) 1 & 5 as depicted upon the annexed Exhibit A-1. (Royalties currently being paid under VP2SGU, VGOB 02-0319-1008). Docket Number VGOB 96-0116-0530-02.

The docket item was granted. The petition was approved for percentage payments in Tracts 1 and 5. The account is to remain open.

13. A petition from CNX Gas Company LLC for A petition for the disbursement of funds held by the Escrow Agent for Tract 1G, Unit W35, and the payment of royalties directly for the parties identified in Exhibit A-1, in the Garden District Buchanan County, Virginia. . Docket Number VGOB 98-0324-0627-09.

The docket item was continued to March, 2014. Attorney General is to provide an opinion on how to handle the conflicting issue.

14. The Board, on its own motion, will re-consider the prior petition for creation of a sealed gob unit for Buchanan No. 1 SGU4, docket number 13-1217-4029.

The docket item was continued to March, 2014. The matter was continued to allow further time for research by Applicant regarding the mine seals.

15. A petition from Range Resources-Pine Mountain for a Well Location Exception for Well No. V-530126, Kenady District, Dickenson County, Virginia. Docket Number VGOB 14-0121-4030.

The docket item was granted. The location exception was approved.

16. A petition from Range Resources-Pine Mountain for a Well Location Exception for Well No. V-530350, Kenady District, Dickenson County, Virginia. Docket Number VGOB 14-0121-4031.

The docket item was granted. The location exception was approved.

17. A petition from Range Resources-Pine Mountain for a Well Location Exception for Well No. V-530377, Kenady District, Dickenson County, Virginia. Docket Number VGOB 14-0121-4032.

The docket item was withdrawn. Docket 14-0121-4032 is no longer needed and has been withdrawn. It was replaced with docket # 14-0415-4044.

18. A petition from Range Resources-Pine Mountain for a Well Location Exception for Well No. V-530378, Kenady District, Dickenson County, Virginia. Docket Number VGOB 14-0121-4033.

The docket item was granted. The location exception was approved.

19. A petition from Range Resources-Pine Mountain for a Well Location Exception for Well No. V-530386, located in the Gladeville District, Wise County, Virginia. Docket Number VGOB 14-0218-4034.

The docket item was granted. The location exception was approved.

20. A petition from Range Resources-Pine Mountain for Pooling of Well No. VC-530383-CBM Unit BM-93, located in the Hurricane District, Buchanan County, Virginia. Docket Number VGOB 14-0218-4035.

The docket item was granted. The petition was approved by the board with no escrowing required.

21. The board will receive an update of Board and Division activities from the staff.

The docket item was affirmed. Once the Office of General Services provides Rick Cooper the RFP for the upcoming audit of the escrow account, he is to forward to all board members via e-mail for their review prior to consideration.

22. The board will review the December 2013 minutes.

The docket item was accepted. The December 2013 minutes were approved unanimously.

The hearing adjourned at 01:28 p.m.